

ROYAL SCHOOL DISTRICT No. 160
Grant County, Washington
September 1, 1992 Through August 31, 1994

Schedule Of Findings

1. The District Should Improve Internal Controls Over Associated Student Body (ASB) Activities And Ensure State Laws And The School Accounting Manual Are Followed

Our review of the district's ASB funds identified weaknesses in the internal control structure as follows:

a. Revenue generating activities:

- (1) Inventory controls have not been established over student fundraising activities, vending machines, and candy sales.
- (2) Controls have not been established for gate receipts.
- (3) Inventory controls have not been established over concession stand revenues.

b. Cash receipting:

- Receipts are not supported by documentation to substantiate amounts.

c. Security of cash:

- We found that cash is being counted in unsecured areas.

Washington Administrative Code (WAC) 392-123-010 states:

The Accounting Manual for Public School Districts of the State of Washington shall govern the accounting procedures for each school district.

Chapter III of the accounting manual requires the district to install and maintain a system of internal controls adequate to ensure that resource use is consistent with law, regulation, and policy; that resources are guarded against waste, loss, and misuse; and that reliable data are obtained, maintained and fairly disclosed in reports.

When these standards are not maintained, it increases the risk that an error or irregularity could occur and not be discovered by management in a timely manner.

We recommend that the district improve internal controls over revenue, receipting, cash, and inventory for ASB activities.

We further recommend that the district monitor ASB activities on an ongoing basis to ensure that controls are in place and any discrepancies are corrected in a timely manner.